

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 18, 2014

AVISTA CORPORATION

(Exact name of registrant as specified in its charter)

Washington

(State of other jurisdiction of
incorporation)

1-3701

(Commission
file number)

91-0462470

(I.R.S. Employer
Identification No.)

1411 East Mission Avenue, Spokane, Washington

(Address of principal executive offices)

99202-2600

(Zip Code)

Registrant's telephone number, including area code:

Web site: <http://www.avistacorp.com>

509-489-0500

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 – Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On April 18, 2014, Avista Corporation (Avista Corp. or the Company) entered into an amendment to its committed line of credit with Union Bank, N.A. as Administrative Agent, an Issuing Bank and Continuing Lender, Wells Fargo Bank National Association as an Issuing Bank and Continuing Lender and various other Continuing Lenders. The total amount of the committed line of credit remains unchanged from the original agreement at \$400.0 million.

The amendment to the committed line of credit extends the expiration date from February 10, 2017 to the new expiration date of April 18, 2019. The amendment also provides the Company the option to request an extension of the committed line of credit for an additional one or two years beyond April 18, 2019, provided there is no event of default prior to the requested extension and the requested extension does not cause the remaining term until the expiration date to exceed five years. In addition to extending the expiration date, the amendment also adds a lower pricing level to the applicable interest rate and it decreases the limit on letters of credit issuances under the committed line of credit from \$300.0 million to \$200.0 million.

The committed line of credit is secured by \$400.0 million of non-transferable First Mortgage Bonds of the Company issued to Union Bank N.A. Such First Mortgage Bonds would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

The customary covenants and default provisions from the original committed line of credit agreement, including a covenant not to permit the ratio of “consolidated total debt” to “consolidated total capitalization” of Avista Corp. to be greater than 65 percent at the end of any fiscal quarter, remain unchanged from the original agreement.

Section 2 - Financial Information

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

See description of the Company’s amendment to its \$400.0 million committed line of credit under Item 1.01.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 4.1 Fifty-Sixth Supplemental Indenture, dated as of April 1, 2014.
- 10.1 Second Amendment to Credit Agreement, dated as of April 18, 2014, among Avista Corporation, Wells Fargo Bank, National Association, as an Issuing Bank, Union Bank, N.A. as Administrative Agent and an Issuing Bank, and the financial institutions identified hereof as Continuing Lenders and Exiting Lender.
- 10.2 Bond Delivery Agreement, dated as of April 18, 2014, between Avista Corporation and Union Bank, N.A.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVISTA CORPORATION

(Registrant)

Date: April 22, 2014

/s/ Mark T. Thies

Mark T. Thies

Senior Vice President,
Chief Financial Officer, and Treasurer

AVISTA CORPORATION

TO

CITIBANK, N.A.

*As Successor Trustee under
Mortgage and Deed of Trust,
dated as of June 1, 1939*

Fifty-sixth Supplemental Indenture

*Providing among other things for a series of bonds designated
“First Mortgage Bonds, Collateral Series 2014A”
Due April 18, 2019*

and

an amendment to said Mortgage and Deed of Trust

Dated as of April 1, 2014

FIFTY-SIXTH SUPPLEMENTAL INDENTURE

THIS INDENTURE, dated as of the 1st day of April, 2014, between AVISTA CORPORATION (formerly known as The Washington Water Power Company), a corporation of the State of Washington, whose post office address is 1411 East Mission Avenue, Spokane, Washington 99202 (the “Company”), and CITIBANK, N.A., formerly First National City Bank (successor by merger to First National City Trust Company, formerly City Bank Farmers Trust Company), a national banking association incorporated and existing under the laws of the United States of America, whose address is 388 Greenwich Street, 14th Floor, New York, New York 10013 (the “Trustee”), as Trustee under the Mortgage and Deed of Trust, dated as of June 1, 1939 (the “Original Mortgage”), executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions thereof, this indenture (the “Fifty-sixth Supplemental Indenture”) being supplemental to the Original Mortgage, as heretofore supplemented and amended.

WHEREAS pursuant to a written request of the Company made in accordance with Section 103 of the Original Mortgage, Francis M. Pitt (then Individual Trustee under the Mortgage, as supplemented) ceased to be a trustee thereunder on July 23, 1969, and all of his powers as Individual Trustee have devolved upon the Trustee and its successors alone; and

WHEREAS by the Original Mortgage the Company covenanted that it would execute and deliver such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Original Mortgage and to make subject to the lien of the Original Mortgage any property thereafter acquired intended to be subject to the lien thereof; and

WHEREAS the Company has heretofore executed and delivered, in addition to the Original Mortgage, the indentures supplemental thereto, and has issued the series of bonds, set forth in Exhibit A hereto (the Original Mortgage, as supplemented and amended by the First through Fifty-fifth Supplemental Indentures and, if the context shall so require, as to be supplemented by this Fifty-sixth Supplemental Indenture, being herein sometimes called the “Mortgage”); and

WHEREAS the Original Mortgage and the First through Fifty-fourth Supplemental Indentures have been appropriately filed or recorded in various official records in the States of Washington, Idaho, Montana and Oregon, as set forth in the First through Fifty-fifth Supplemental Indentures and the Instrument of Further Assurance, dated December 15, 2001, hereinafter referred to; and

WHEREAS the Fifty-fifth Supplemental Indenture, dated as of August 1, 2013, has been appropriately filed or recorded in the various official records in the States of Washington, Idaho, Montana and Oregon, as set forth in Exhibit B hereto; and

WHEREAS for the purpose of confirming or perfecting the lien of the Mortgage on certain of its properties, the Company has heretofore executed and delivered a Short Form Mortgage and Security Agreement, in multiple counterparts dated as of various dates in 1992, and such instrument has been appropriately filed or recorded in the various official records in the States of Montana and Oregon; and

WHEREAS for the purpose of confirming or perfecting the lien of the Mortgage on certain of its properties, the Company has heretofore executed and delivered an Instrument of Further Assurance dated as of December 15, 2001, and such instrument has been appropriately filed or recorded in the various official records in the States of Washington, Idaho, Montana and Oregon; and

WHEREAS in addition to the property described in the Mortgage the Company has acquired certain other property, rights and interests in property; and

WHEREAS Section 120 of the Original Mortgage, as heretofore amended, provides that, without the consent of any holders of bonds, the Company and the Trustee, at any time and from time to time, may enter into indentures supplemental to the Original Mortgage for various purposes set forth therein, including, without limitation, to cure ambiguities or correct defective or inconsistent provisions or to make other changes therein that shall not adversely affect the interests of the holders of bonds of any series in any material respect or to establish the form or terms of bonds of any series as contemplated by Article II; and

WHEREAS, the Company now desires to amend Section 120 of the Original Mortgage, as heretofore amended, to expressly permit the restatement in its entirety of the Original Mortgage as amended; and

WHEREAS Section 8 of the Original Mortgage, as heretofore amended, provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company or by Treasurer's Certificate, or shall be set forth in an indenture supplemental to the Original Mortgage; that the form of such series, as so established, shall specify the descriptive title of the bonds and various other terms thereof; and that such series may also contain such provisions not inconsistent with the provisions of the Mortgage as the Company may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS the Company further desires to create a new series of bonds; and

WHEREAS the execution and delivery by the Company of this Fifty-sixth Supplemental Indenture and the terms of the Bonds of the Fifty-seventh Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors, and all things necessary to make this Fifty-sixth Supplemental Indenture a valid, binding and legal instrument have been performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That the Company, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, hereby confirms the estate, title and rights of the Trustee (including, without limitation, the lien of the Mortgage on the property of the Company subjected thereto, whether now owned or hereafter acquired) held as security for the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage according to their tenor and effect and the performance of all the provisions of the Mortgage and of such bonds, and, without limiting the generality of the foregoing, hereby confirms the grant, bargain, sale, release, conveyance, assignment, transfer, mortgage, pledge, setting over and confirmation unto the Trustee, contained in the Mortgage, of all the following described properties of the Company, whether now owned or hereafter acquired, namely:

All of the property, real, personal and mixed, of every character and wheresoever situated (except any hereinafter or in the Mortgage expressly excepted) which the Company now owns or, subject to the provisions of Section 87 of the Original Mortgage, may hereafter acquire prior to the satisfaction and discharge of the Mortgage, as fully and completely as if herein or in the Mortgage specifically described, and including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in Mortgage) all lands, real estate, easements, servitudes, rights of way and leasehold and other interests in real estate; all rights to the use or appropriation of water, flowage rights, water storage rights, flooding rights, and other rights in respect of or relating to water; all plants for the generation of electricity, power houses, dams, dam sites, reservoirs, flumes, raceways, diversion works, head works, waterways, water works, water systems, gas plants, steam heat plants, hot water plants, ice or refrigeration plants, stations, substations, offices, buildings and other works and structures and the equipment thereof and all improvements, extensions and additions thereto; all generators, machinery, engines, turbines, boilers, dynamos, transformers, motors, electric machines, switchboards, regulators, meters, electrical and mechanical appliances, conduits, cables, pipes and mains; all lines and systems for the transmission and distribution of electric current, gas, steam heat or water for any purpose; all towers, mains, pipes, poles, pole lines, conduits, cables, wires, switch racks, insulators, compressors, pumps, fittings, valves and connections; all motor vehicles and automobiles; all tools,

implements, apparatus, furniture, stores, supplies and equipment; all franchises (except the Company's franchise to be a corporation), licenses, permits, rights, powers and privileges; and (except as hereinafter or in the Mortgage expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature.

The Company hereby acknowledges that, as of the date of this Fifty-sixth Supplemental Indenture, the real property located in the State of Washington, taken as a whole, that is so conveyed or intended to be so conveyed under the Mortgage is not used principally for agricultural purposes.

The property so conveyed or intended to be so conveyed under the Mortgage shall include, but shall not be limited to, the property set forth in Exhibit C hereto, the particular description of which is intended only to aid in the identification thereof and shall not be construed as limiting the force, effect and scope of the foregoing.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Original Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

THE COMPANY HEREBY CONFIRMS that, subject to the provisions of Section 87 of the Original Mortgage, all the property, rights, and franchises acquired by the Company after the date thereof (except any hereinbefore or hereinafter or in the Mortgage expressly excepted) are and shall be as fully embraced within the lien of the Mortgage as if such property, rights and franchises had been owned by the Company at the date of the Original Mortgage and had been specifically described therein.

PROVIDED THAT the following were not and were not intended to be then or now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed under the Mortgage and were, are and shall be expressly excepted from the lien and operation of the Mortgage namely: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for consumption in the operation of any properties of the Company; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; (4) electric energy and other materials or products generated, manufactured, produced or purchased by

the Company for sale, distribution or use in the ordinary course of its business; and (5) any property heretofore released pursuant to any provisions of the Mortgage and not heretofore disposed of by the Company; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Original Mortgage by reason of the occurrence of a Completed Default as defined in said Article XII.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company in the Mortgage as aforesaid, or intended so to be, unto the Trustee, and its successors, heirs and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as set forth in the Mortgage, this Fifty-sixth Supplemental Indenture being supplemental to the Mortgage.

AND IT IS HEREBY FURTHER CONFIRMED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage shall affect and apply to the property in the Mortgage described and conveyed, and to the estates, rights, obligations and duties of the Company and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors in the trust, in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Original Mortgage, and had been specifically and at length described in and conveyed to said Trustee by the Original Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustee and its successor or successors in such trust under the Mortgage, as follows:

ARTICLE I
Fifty-seventh Series of Bonds

SECTION 1. (I) There shall be a series of bonds designated "Collateral Series 2014A" (herein sometimes referred to as the "Bonds of the Fifty-seventh Series"), each of which shall also bear the descriptive title First Mortgage Bond, and the form thereof is set forth on Exhibit D hereto. Bonds of the Fifty-seventh Series shall be issued as fully registered bonds in denominations of One Thousand Dollars and, at the option of the Company, any amount in excess thereof (the exercise of such option to be evidenced by the execution and delivery thereof) and shall be dated as in Section 10 of the Original Mortgage provided. Each Bond of the Fifty-seventh Series shall mature on April 18, 2019 (or such

later date to which such date shall have been extended as provided below) and shall bear interest, be redeemable and have such other terms and provisions as set forth below.

(II) The Bonds of the Fifty-seventh Series shall have the following terms and characteristics:

(a) the Bonds of the Fifty-seventh Series shall be initially authenticated and delivered under the Mortgage in the aggregate principal amount of \$400,000,000;

(b) the Bonds of the Fifty-seventh Series shall bear interest at the rate of eight per centum (8%) per annum; interest on such Bonds shall accrue from and including the date of the initial authentication and delivery thereof, except as otherwise provided in the form of bond attached hereto as Exhibit D; interest on such Bonds shall be payable on each Interest Payment Date and at Maturity (as each of such terms is hereinafter defined); and interest on such Bonds during any period less than one year for which payment is made shall be computed in accordance with the Credit Agreement (as hereinafter defined);

(c) the principal of and premium, if any, and interest on each Bond of the Fifty-seventh Series payable at Maturity shall be payable upon presentation thereof at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency as at the time of payment is legal tender for public and private debts; and the interest on each Bond of the Fifty-seventh Series (other than interest payable at Maturity) shall be payable directly to the registered owner thereof;

(d) the Bonds of the Fifty-seventh Series shall not be redeemable, in whole or in part, at the option of the Company;

(e) (i) the Bonds of the Fifty-seventh Series are to be issued and delivered to the Administrative Agent (as hereinafter defined) in order to provide the benefit of the lien of the Mortgage as security for the obligation of the Company under the Credit Agreement to pay the Obligations (as hereinafter defined), to the extent and subject to the limitations set forth in clauses (iii) and (iv) of this subdivision;

(ii) upon the earliest of (A) the occurrence of an Event of Default (as hereinafter defined), other than an Event of Default referred to in clause (B) below, and further upon the condition that, in accordance with the terms of the Credit Agreement, the Commitments (as so defined) shall have been or shall have terminated and any Loans (as so defined) shall have been declared to be or shall have otherwise become due and payable immediately and the Administrative Agent shall have demanded that the Company provide cash collateral in the amount of the total LC Exposure (as so defined) and the Administrative Agent shall have delivered to the Company a notice demanding redemption of the Bonds of the Fifty-seventh

Series which notice states that it is being delivered pursuant to Article VII of the Credit Agreement, (B) the occurrence of an Event of Default under clause (g) or (h) of Article VII of the Credit Agreement and (C) the Stated Maturity (as hereinafter defined), then all Bonds of the Fifty-seventh Series shall be redeemed or paid immediately at the principal amount thereof plus accrued interest to the date of redemption or payment;

(iii) the obligation of the Company to pay the accrued interest on Bonds of the Fifty-seventh Series on any Interest Payment Date prior to Maturity (A) shall be deemed to have been satisfied and discharged in full in the event that all amounts then due in respect of the Obligations shall have been paid or (B) shall be deemed to remain unsatisfied in an amount equal to the aggregate amount then due in respect of the Obligations and remaining unpaid (not in excess, however, of the amount otherwise then due in respect of interest on the Bonds of the Fifty-seventh Series);

(iv) the obligation of the Company to pay the principal of and accrued interest on Bonds of the Fifty-seventh Series at or after Maturity (A) shall be deemed to have been satisfied and discharged in full in the event that all amounts then due in respect of the Obligations shall have been paid or (B) shall be deemed to remain unsatisfied in an amount equal to the aggregate amount then due in respect of the Obligations and remaining unpaid (not in excess, however, of the amount otherwise then due in respect of principal of and accrued interest on the Bonds of the Fifty-seventh Series).

(v) the Trustee shall be entitled to presume that the obligation of the Company to pay the principal of and interest on the Bonds of the Fifty-seventh Series as the same shall become due and payable shall have been fully satisfied and discharged unless and until it shall have received a written notice from the Administrative Agent, signed by an authorized officer thereof, stating that the principal of and/or interest on the Bonds of the Fifty-seventh Series has become due and payable and has not been fully paid, and specifying the amount of funds required to make such payment;

(f) no service charge shall be made for the registration of transfer or exchange of Bonds of the Fifty-seventh Series;

(g) in the event of an application by the Administrative Agent for a substituted Bond of the Fifty-seventh Series pursuant to Section 16 of the Original Mortgage, the Administrative Agent shall not be required to provide any indemnity or pay any expenses or charges as contemplated in said Section 16;

(h) if the Expiration Date (as hereinafter defined) shall have been extended pursuant to Section 2.20 of the Credit Agreement, and if the Company shall have furnished to the Trustee written evidence of such extension, executed by the

Administrative Agent, the Stated Maturity shall, without further act, be deemed to have been extended to the Expiration Date (as so extended); and

(i) the Bonds of the Fifty-seventh Series shall have such other terms as are set forth in the form of bond attached hereto as Exhibit D.

Anything in this Fifty-sixth Supplemental Indenture or in the Bonds of the Fifty-seventh Series to the contrary notwithstanding, if, at the time of the Maturity of the Bonds of the Fifty-seventh Series, the stated aggregate principal amount of such Bonds then Outstanding shall exceed the aggregate Commitments (provided that the aggregate amount of the Commitments at Maturity shall be determined without regard to termination of the Commitments at that time), the aggregate principal amount of such Bonds shall be deemed to have been reduced by the amount of such excess.

(III) For all purposes of this Article I, except as otherwise expressly provided or unless the context otherwise requires, the terms defined below shall have the meanings specified:

“Administrative Agent” means Union Bank, N.A., in its capacity as administrative agent under the Credit Agreement.

“Bond Delivery Agreement” means the Bond Delivery Agreement, dated as of April 18, 2014, between the Company and the Administrative Agent.

“Commitment” shall have the meaning specified in the Credit Agreement.

“Credit Agreement” means the Credit Agreement, dated as of February 11, 2011, among the Company, the lenders party thereto, The Bank of New York Mellon, KeyBank National Association and U.S. Bank National Association, as Co-Documentation Agents, Wells Fargo Bank, National Association, as Syndication Agent and an Issuing Bank, and Union Bank, N.A., as Administrative Agent and an Issuing Bank, as amended by that certain First Amendment to Credit Agreement and Waiver Thereunder, dated as of December 14, 2011, among the Company, the lenders party thereto, Wells Fargo Bank, National Association, as an Issuing Bank, and Union Bank, N.A., as Administrative Agent and an Issuing Bank, and as further amended by that certain Second Amendment to Credit Agreement, dated as of April 18, 2014, among the Company, the lenders party thereto, Wells Fargo Bank, National Association, as an Issuing Bank, and Union Bank, N.A., as Administrative Agent and an Issuing Bank.

“Event of Default” shall have the meaning specified in the Credit Agreement.

“Expiration Date” shall have the meaning specified in the Credit Agreement.

“**Interest Payment Date**” means the quarterly date falling on each March 31, June 30, September 30 and December 31, commencing on June 30, 2014, and the date of Maturity.

“**LC Exposure**” shall have the meaning specified in the Credit Agreement.

“**Loans**” shall have the meaning specified in the Credit Agreement.

“**Maturity**” means the date on which the principal of the Bonds of the Fifty-seventh Series becomes due and payable, whether at stated maturity, upon redemption or acceleration or otherwise.

“**Obligations**” shall have the meaning specified in the Bond Delivery Agreement.

“**Stated Maturity**” means April 18, 2019 or such later date to which such date shall have been extended as provided in subsection II(h) above.

A copy of the Credit Agreement is on file at the office of the Administrative Agent at 445 South Figueroa Street, Los Angeles, CA 90071 and at the office of the Company at 1411 East Mission Avenue, Spokane, WA 99202.

ARTICLE II Outstanding Bonds

Upon the delivery of this Fifty-sixth Supplemental Indenture, Bonds of the Fifty-seventh Series in an aggregate principal amount of \$400,000,000 are to be issued and will be Outstanding, in addition to \$1,376,700,000 aggregate principal amount of bonds of prior series Outstanding at the date of delivery of this Fifty-sixth Supplemental Indenture (which amount excludes \$400,000,000 in aggregate principal amount of First Mortgage Bonds, Collateral Series 2011A that are to be retired simultaneously with the issuance and delivery of the Bonds of the Fifty-seventh Series); it being understood that, subject to the provisions of the Mortgage, there shall be no limit upon the aggregate principal amount of Bonds of the Fifty-seventh Series which may be authenticated and delivered hereunder.

ARTICLE III Amendment

The first paragraph of Section 120 of the Original Mortgage, as heretofore amended, is hereby amended

- (a) to delete the word “or” at the end of clause (h) therein;
- (b) to delete the period at the end of clause (i) therein and replace the same with “; or”; and

(c) to add immediately after clause (i) a new clause (j) reading as follows:

“(j) to restate this Indenture, as originally executed and as it may have been subsequently amended (or amended and restated), in its entirety, but with such further additions, deletions and/or other changes as shall be permitted by Article XVIII and/or this Section 120.”

ARTICLE IV
Miscellaneous Provisions

SECTION 1. The terms defined in the Original Mortgage shall, for all purposes of this Fifty-sixth Supplemental Indenture, have the meanings specified in the Original Mortgage.

SECTION 2. The Trustee hereby confirms its acceptance of the trusts in the Original Mortgage declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions in the Original Mortgage set forth, including the following:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fifty-sixth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. Each and every term and condition contained in Article XVI of the Original Mortgage shall apply to and form part of this Fifty-sixth Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Fifty-sixth Supplemental Indenture.

SECTION 3. Whenever in this Fifty-sixth Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XV and XVI of the Original Mortgage, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Fifty-sixth Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee, or either of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 4. Nothing in this Fifty-sixth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Fifty-sixth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Fifty-sixth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto and of the holders of the bonds Outstanding under the Mortgage.

SECTION 5.

This Fifty-sixth Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.

The titles of the several Articles of this Fifty-sixth Supplemental Indenture shall not be deemed to be any part thereof.

IN WITNESS WHEREOF, on the 18th day of April, 2014, AVISTA CORPORATION has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Corporate Secretary or one of its Assistant Corporate Secretaries for and in its behalf, all in The City of Spokane, Washington, as of the day and year first above written; and on the 18th day of April, 2014, CITIBANK, N.A., has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents or one of its Senior Trust Officers or one of its Trust Officers and its corporate seal to be attested by one of its Vice Presidents or one of its Trust Officers, all in The City of New York, New York, as of the day and year first above written.

AVISTA CORPORATION

By: /s/ MARK T. THIES

Name: Mark T. Thies

Title: Senior Vice President, Chief
Financial Officer and Treasurer

Attest:

/s/ SUSAN Y. FLEMING

Name: Susan Y. Fleming

Title: Assistant Corporate Secretary

Executed, sealed and delivered
by AVISTA CORPORATION
in the presence of:

/s/ KEVIN CHRISTIE

Name: Kevin Christie

/s/ RYAN L. KRASSELT

Name: Ryan L. Krasselt

CITIBANK, N.A., AS TRUSTEE

By: /s/ WAFAA ORFY

Name: Wafaa Orfy

Title: Vice President

Attest:

/s/ LOUIS PISCITELLI

Name: Louis Piscitelli

Title: Vice President

Executed, sealed and delivered
by CITIBANK, N.A.,
as trustee, in the presence of:

/s/ JOHN HANNON

Name: John Hannon

/s/ CIRINO EMANUELE

Name: Cirino Emanuele

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 18th day of April, 2014 before me personally appeared Wafaa Orfy, to me known to be a Vice President of CITIBANK, N.A., one of the corporations that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

On the 18th day of April, 2014, before me, a Notary Public in and for the State and County aforesaid, personally appeared Wafaa Orfy, known to me to be a Vice President of CITIBANK, N.A., one of the corporations that executed the within and foregoing instrument and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ NOREEN SANTOS

Notary Public

NOREEN IRIS SANTOS

Notary Public
State of Washington
Commission Expires September 27, 2014

**MORTGAGE, SUPPLEMENTAL INDENTURES
AND SERIES OF BONDS**

<u>MORTGAGE OR SUPPLEMENTAL INDENTURE</u>	<u>DATED AS OF</u>	<u>SERIES</u>		<u>PRINCIPAL AMOUNT ISSUED</u>	<u>PRINCIPAL AMOUNT OUTSTANDING</u>
		<u>NO.</u>	<u>DESIGNATION</u>		
Original	June 1, 1939	1	3-1/2% Series due 1964	\$22,000,000	None
First	October 1, 1952	2	3-1/2% Series due 1982 (changed to 3-3/4% in Twelfth Supplemental Indenture)	30,000,000	None
Second	May 1, 1953	3	3-7/8% Series due 1983	10,000,000	None
Third	December 1, 1955		None		
Fourth	March 15, 1957		None		
Fifth	July 1, 1957	4	4-7/8% Series due 1987	30,000,000	None
Sixth	January 1, 1958	5	4-1/8% Series due 1988	20,000,000	None
Seventh	August 1, 1958	6	4-3/8% Series due 1988	15,000,000	None
Eighth	January 1, 1959	7	4-3/4% Series due 1989	15,000,000	None
Ninth	January 1, 1960	8	5-3/8% Series due 1990	10,000,000	None
Tenth	April 1, 1964	9	4-5/8% Series due 1994	30,000,000	None
Eleventh	March 1, 1965	10	4-5/8% Series due 1995	10,000,000	None
Twelfth	May 1, 1966		None		
Thirteenth	August 1, 1966	11	6 % Series due 1996	20,000,000	None
Fourteenth	April 1, 1970	12	9-1/4% Series due 2000	20,000,000	None
Fifteenth	May 1, 1973	13	7-7/8% Series due 2003	20,000,000	None
Sixteenth	February 1, 1975	14	9-3/8% Series due 2005	25,000,000	None
Seventeenth	November 1, 1976	15	8-3/4% Series due 2006	30,000,000	None
Eighteenth	June 1, 1980		None		

MORTGAGE OR SUPPLEMENTAL INDENTURE	DATED AS OF	SERIES		PRINCIPAL AMOUNT ISSUED	PRINCIPAL AMOUNT OUTSTANDING
		NO.	DESIGNATION		
Nineteenth	January 1, 1981	16	14-1/8% Series due 1991	40,000,000	None
Twentieth	August 1, 1982	17	15-3/4% Series due 1990-1992	60,000,000	None
Twenty-First	September 1, 1983	18	13-1/2% Series due 2013	60,000,000	None
Twenty-Second	March 1, 1984	19	13-1/4% Series due 1994	60,000,000	None
Twenty-Third	December 1, 1986	20	9-1/4% Series due 2016	80,000,000	None
Twenty-Fourth	January 1, 1988	21	10-3/8% Series due 2018	50,000,000	None
Twenty-Fifth	October 1, 1989	22	7-1/8% Series due 2013	66,700,000	None
		23	7-2/5% Series due 2016	17,000,000	None
Twenty-Sixth	April 1, 1993	24	Secured Medium-Term Notes, Series A (\$250,000,000 authorized)	250,000,000	36,000,000
Twenty-Seventh	January 1, 1994	25	Secured Medium-Term Notes, Series B (\$250,000,000 authorized)	161,000,000	None
Twenty-Eighth	September 1, 2001	26	Collateral Series due 2002	220,000,000	None
Twenty-Ninth	December 1, 2001	27	7.75% Series due 2007	150,000,000	None
Thirtieth	May 1, 2002	28	Collateral Series due 2003	225,000,000	None
Thirty-first	May 1, 2003	29	Collateral Series due 2004	245,000,000	None
Thirty-second	September 1, 2003	30	6.125% Series due 2013	45,000,000	None
Thirty-third	May 1, 2004	31	Collateral Series due 2005	350,000,000	None
Thirty-fourth	November 1, 2004	32	5.45% Series due 2019	90,000,000	90,000,000
Thirty-fifth	December 1, 2004	33	Collateral Series 2004A	88,850,000	25,000,000
Thirty-sixth	December 1, 2004	34	Collateral Series 2004B	66,700,000	None
		35	Collateral Series 2004C	17,000,000	None
Thirty-seventh	December 1, 2004	36	Collateral Series 2004D	350,000,000	None
Thirty-eighth	May 1, 2005	37	Collateral Series 2005B	66,700,000	None

MORTGAGE OR SUPPLEMENTAL INDENTURE	DATED AS OF	SERIES		PRINCIPAL AMOUNT ISSUED	PRINCIPAL AMOUNT OUTSTANDING
		NO.	DESIGNATION		
		38	Collateral Series 2005C	17,000,000	None
Thirty-ninth	November 1, 2005	39	6.25% Series due 2035	100,000,000	100,000,000
				50,000,000	50,000,000
Fortieth	April 1, 2006	40	Collateral Series due 2011	320,000,000	None
Forty-first	December 1, 2006	41	5.70% Series due 2037	150,000,000	150,000,000
Forty-second	April 1, 2008	42	5.95% Series due 2018	250,000,000	250,000,000
Forty-third	November 1, 2008	43	Collateral Series 2008A	200,000,000	None
Forty-fourth	December 1, 2008	44	7.25% Series due 2013	30,000,000	None
Forty-fifth	December 1, 2008	45	Collateral Series 2008B	17,000,000	None
Forty-sixth	September 1, 2009	46	5.125% Series due 2022	250,000,000	250,000,000
Forty-seventh	November 1, 2009	47	Collateral Series 2009A	75,000,000	None
Forty-eighth	December 1, 2010	48	Collateral Series 2010A	66,700,000	66,700,000
		49	Collateral Series 2010B	17,000,000	17,000,000
Forty-ninth	December 1, 2010	50	3.89% Series due 2020	52,000,000	52,000,000
		51	5.55% Series due 2040	35,000,000	35,000,000
Fiftieth	December 1, 2010	52	1.68% Series due 2013	50,000,000	None
Fifty-first	February 1, 2011	53	Collateral Series 2011A	400,000,000	400,000,000*
Fifty-second	August 1, 2011		None		
Fifty-third	December 1, 2011	54	4.45% Series due 2041	85,000,000	85,000,000
Fifty-fourth	November 1, 2012	55	4.23% Series due 2047	80,000,000	80,000,000
Fifty-fifth	August 1, 2013	56	Collateral Series 2013A	90,000,000	90,000,000
TOTAL OUTSTANDING					<u>\$1,776,700,000</u>

* To be retired in connection with the delivery of \$400,000,000 of First Mortgage Bonds, Collateral Series 2014A.

**FILING AND RECORDING OF
FIFTY-FIFTH SUPPLEMENTAL INDENTURE**

FILING IN STATE OFFICES			
<u>State</u>	<u>Office of</u>	<u>Date</u>	<u>Financing Statement Document Number</u>
Washington	Secretary of State	1/16/14	2014-016-6440-6
Idaho	Secretary of State	1/16/14	B 2014-1134374-8
Montana	Secretary of State	1/17/14	140117232562
Oregon	Secretary of State	1/17/14	89941073

RECORDING IN COUNTY OFFICES						
<u>County</u>	<u>Office of</u>	<u>Real Estate Mortgage Records</u>				<u>Financing Statement Document Number</u>
		<u>Date</u>	<u>Document Number</u>	<u>Book</u>	<u>Page</u>	
<u>Washington</u>						
Adams	Auditor	10/11/13	305439	N/A	N/A	N/A
Asotin	Auditor	10/14/13	338212	N/A	N/A	N/A
Benton	Auditor	10/15/13	2013-034865	N/A	N/A	N/A
Douglas	Auditor	10/14/13	3173636	N/A	N/A	N/A
Ferry	Auditor	10/14/13	282552	N/A	N/A	N/A
Franklin	Auditor	10/14/13	1807355	N/A	N/A	N/A
Garfield	Auditor	10/11/13	20130595	N/A	N/A	N/A
Grant	Auditor	10/15/13	1324442	N/A	N/A	N/A
Klickitat	Auditor	10/14/13	1105640	N/A	N/A	N/A
Lewis	Auditor	10/14/13	3405834	N/A	N/A	N/A
Lincoln	Auditor	10/11/13	2013-0465399			N/A
Pend Oreille	Auditor	10/11/13	20130316809	N/A	N/A	N/A
Skamania	Auditor	10/14/13	2013002244	N/A	N/A	N/A
Spokane	Auditor	11/13/13	6264419	N/A	N/A	N/A
Stevens	Auditor	10/11/13	2013 0008383	N/A	N/A	N/A
Thurston	Auditor	11/22/13	4369693	N/A	N/A	N/A
Whitman	Auditor	10/11/13	720879	N/A	N/A	N/A
<u>Idaho</u>						
Benewah	Recorder	10/11/13	267079	N/A	N/A	N/A
Bonner	Recorder	10/11/13	851678	N/A	N/A	N/A
Boundary	Recorder	10/15/13	259068	N/A	N/A	N/A
Clearwater	Recorder	10/15/13	223144	N/A	N/A	N/A
Idaho	Recorder	10/11/13	492126	N/A	N/A	N/A
Kootenai	Recorder	10/11/13	2432298000	N/A	N/A	N/A
Latah	Recorder	10/11/13	562248	N/A	N/A	N/A

RECORDING IN COUNTY OFFICES

<u>County</u>	<u>Office of</u>	<u>Real Estate Mortgage Records</u>				<u>Financing Statement Document Number</u>
		<u>Date</u>	<u>Document Number</u>	<u>Book</u>	<u>Page</u>	
<u>Idaho (cont.)</u>						
Lewis	Recorder	10/11/13	141863	N/A	N/A	N/A
Nez Perce	Recorder	10/11/13	816616	N/A	N/A	N/A
Shoshone	Recorder	10/11/13	474761	N/A	N/A	N/A
<u>Montana</u>						
Big Horn	Clerk & Recorder	10/15/13	347735	127	560-588	N/A
Broadwater	Clerk & Recorder	10/15/13	170118	153	4	N/A
Golden Valley	Clerk & Recorder	10/15/13	81557	M	16773	N/A
Meagher	Clerk & Recorder	10/16/13	140905	N/A	N/A	N/A
Mineral	Clerk & Recorder	10/15/13	111322	N/A	N/A	N/A
Rosebud	Clerk & Recorder	10/15/13	112373	141	508-536	N/A
Sanders	Clerk & Recorder	10/15/13	295237	N/A	N/A	N/A
Stillwater	Clerk & Recorder	10/15/13	356778	N/A	N/A	N/A
Treasure	Clerk & Recorder	10/15/13	82289	20	941	N/A
Wheatland	Clerk & Recorder	10/17/13	107926	M	24877-24905	N/A
Yellowstone	Clerk & Recorder	10/16/13	3687055	N/A	N/A	N/A
<u>Oregon</u>						
Douglas	Recorder	10/14/13	2013-017223	N/A	N/A	N/A
Jackson	Recorder	10/17/13	2013-035996	N/A	N/A	N/A
Josephine	Recorder	10/14/13	2013-014026	N/A	N/A	N/A
Klamath	Recorder	11/1/13	2013-012893	N/A	N/A	N/A
Morrow	Recorder	10/14/13	2013-33203	N/A	N/A	N/A
Union	Recorder	10/15/13	163905	N/A	N/A	N/A
Wallowa	Recorder	10/15/13	70155	N/A	N/A	N/A

PROPERTY ADDITIONS**First**

ADDITIONAL ELECTRIC SUBSTATIONS AND SUBSTATIONS AND SUBSTATION SITES OF THE COMPANY, in the State of Washington, including all buildings, structures, towers, poles, equipment, appliances and devices for transforming, converting and distributing electric energy, and the lands of the Company on which the same are situated and all of the Company's real estate and interests therein, machinery, equipment, appliances, devices, appurtenances and supplies, franchises, permits and other rights and other property forming a part of said substations or any of them, or used or enjoyed or capable of being used or enjoyed in connection with any thereof, including, but not limited to, the following situated in the State of Washington, to wit:

- (1) Grant County, WA: "Stratford Substation"; Property No. WA-13-033.1; Grantor: United States of America Bureau of Reclamation; That portion of the NW1/4NW1/4 of Section 11, Township 22 North, Range 28 East, Grant County, Washington
- (2) Spokane County, WA: "College and Walnut Substation": Property No. WA-32-044.1 Lot 2, Block 2, Kendall Yards Bridgeway Apartments PUD and the West 1/2 of vacated Walnut Street East of and adjoining Lots 2 and 3 of Kendall Yards Bridgeway Apartments PUD and West 30' of N 14.75' of vacated Bridge Avenue lying South of and adjoining the West 1/2 of vacated Walnut Street in SE1/4 of Section 13, Township 25 North, Range 42 East, Spokane County, Washington

Second

ADDITIONAL PROTECTION, MITIGATION AND ENHANCEMENT PROPERTY OF THE COMPANY, in the States of Montana and Idaho, real, personal, or mixed, acquired, constructed and/or installed in, on, under and/or proximate to the Company's Clark Fork hydroelectric development (including, without limitation, the Cabinet Gorge Hydroelectric Generating Station and the Noxon Rapids Hydroelectric Generating Station) for the purpose of protecting and/or enhancing wildlife (including fish and aquatic life), botanical life and/or wetlands, and/or mitigating any harm or damage thereto, and all other property, real, personal or mixed, used or enjoyed or capable of being used or enjoyed in conjunction therewith, including, but not limited to, the following in the State of Montana and the State of Idaho, to wit:

- (1) Sanders County, MT: "Squaw Creek Mitigation Property"; Property No. MT-35-261; Grantor: Kenneth B. and Mary E. Vannice; E1/2NE1/4 Section 23, Township 22 North, Range 30 West, P.M.M.

(2) Bonner County, ID: "Trestle Creek Mitigation Property"; Property No. ID-7B-251.1(a); Grantor: Estate of Mildred C. Lagrou; Government Lot 2 and S1/2 NW1/4 South of County Road, Section 15, Township 57 North, Range 1 East, B.M., Bonner County, Idaho.

Third

ADDITIONAL BUSINESS OFFICE/S AND/OR REAL ESTATE OF THE COMPANY, in the State of Washington, to wit:

(1) Spokane County, WA: "Ross Park Expansion" Property No. WA-32-004; Grantor: Robert C. and Laura A. Davis; Lot 2, Block 1, Hamlin's Subdivision of the East Half of Block 6 of Ross Park, as per plat recorded in Volume "B" of Plats, Situate in the City of Spokane, Section 9, Township 25 North, Range 43 East.

(2) Stevens County, WA: "Kettle Falls Orchard Property"; Property No. WA-33-262; Grantor: Wimberly Trust, Edward L. and Carol J. Wimberly, Trustees; SW1/4NE1/4 and that part of the S1/2NW1/4 of Section 24, Township 26 North, Range 37 East, W.M., Stevens County, Washington.

(Form of Bond)

This bond is non-transferable, except to a successor Administrative Agent under the Credit Agreement referred to herein.

AVISTA CORPORATION

First Mortgage Bond,
Collateral Series 2014A

REGISTERED
NO. _____

REGISTERED
\$400,000,000

AVISTA CORPORATION, a corporation of the State of Washington (hereinafter called the "Company"), for value received, hereby promises to pay to

, as Administrative Agent under the Credit Agreement hereinafter referred to, or registered assigns on April 18, 2019 (or such later date to which such date shall have been extended as provided below)

FOUR HUNDRED MILLION DOLLARS

and to pay the registered owner hereof interest thereon from April 18, 2014 in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on June 30, 2014 (each such date being hereinafter called an "Interest Payment Date"), and the date of Maturity (as hereinafter defined), at the rate of eight per centum (8%) per annum computed as provided in the Fifty-sixth Supplemental Indenture hereinafter referred to, until the Company's obligation with respect to the payment of such principal shall have been discharged. The principal of and premium, if any, and interest on this bond payable at Maturity shall be payable upon presentation hereof at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. The interest on this bond (other than interest payable at Maturity) shall be paid directly to the registered owner hereof. Interest payable at Maturity shall be paid to the person to whom principal shall be paid. As used herein, the term "Maturity" shall mean the date on which the principal of this bond becomes due and payable, whether at stated maturity, upon redemption or acceleration, or otherwise.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, Collateral Series 2014A, all bonds of

all such series being issued and issuable under and equally secured (except insofar as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust, dated as of June 1, 1939 (the "Original Mortgage"), executed by the Company (formerly known as The Washington Water Power Company) to City Bank Farmers Trust Company and Ralph E. Morton, as Trustees (Citibank, N.A., successor Trustee to both said Trustees). The Original Mortgage has been amended and supplemented by various supplemental indentures, including the Fifty-sixth Supplemental Indenture, dated as of April 1, 2014 (the "Fifty-sixth Supplemental Indenture"), and, as so amended and supplemented, is herein called the "Mortgage." Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustee in respect thereof, the duties and immunities of the Trustee, the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. If there shall be a conflict between the terms of this bond and the provisions of the Mortgage, the provisions of the Mortgage shall control to the extent permitted by law. The holder of this bond, by its acceptance hereof, shall be deemed to have consented and agreed to all of the terms and provisions of the Mortgage.

The Mortgage may be modified or altered by affirmative vote of the holders of at least 60% in principal amount of the bonds outstanding under the Mortgage, considered as one class, or, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected, then such modification or alteration may be effected with the affirmative vote only of 60% in principal amount of the bonds outstanding of the series so to be affected, considered as one class, and, furthermore, for limited purposes, the Mortgage may be modified or altered without any consent or other action of holders of any series of bonds. No modification or alteration shall, however, permit an extension of the Maturity of the principal of, or interest on, this bond or a reduction in such principal or the rate of interest hereon or any other modification in the terms of payment of such principal or interest or the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of a lien on the mortgaged and pledged property without the consent of the holder hereof.

The bonds of this series are not redeemable, in whole or in part, at the option of the Company.

The bonds of this series have been issued and delivered to Union Bank, N.A., as Administrative Agent under the Credit Agreement (as such terms are defined in the Fifty-sixth Supplemental Indenture), in order to provide the benefit of the lien of the Mortgage as security for the obligation of the Company under the Credit Agreement to pay the Obligations (as so defined), to the extent and subject to the limitations set forth below.

Upon the earliest of (A) the occurrence of an Event of Default (as defined in the Fifty-sixth Supplemental Indenture), and further upon the condition that, in accordance

with the terms of the Credit Agreement, the Commitments (as so defined) shall have been or shall have terminated and any Loans (as so defined) shall have been declared to be or shall have otherwise become due and payable immediately and the Administrative Agent shall have demanded that the Company provide cash collateral in the amount of the total LC Exposure (as so defined) and the Administrative Agent shall have delivered to the Company a notice demanding redemption of the bonds of this series which notice states that it is being delivered pursuant to Article VII of the Credit Agreement, (B) the occurrence of an Event of Default under clause (g) or (h) of Article VII of the Credit Agreement and (C) the Stated Maturity (as defined below), then all bonds of this series shall be redeemed or paid immediately at the principal amount thereof plus accrued interest to the date of redemption or payment.

The obligation of the Company to pay the accrued interest on bonds of this series on any Interest Payment Date prior to Maturity (a) shall be deemed to have been satisfied and discharged in full in the event that all amounts then due in respect of the Obligations shall have been paid or (b) shall be deemed to remain unsatisfied in an amount equal to the aggregate amount then due in respect of the Obligations and remaining unpaid (not in excess, however, of the amount otherwise then due in respect of interest on the bonds of this series).

The obligation of the Company to pay the principal of and accrued interest on bonds of this series at or after Maturity (a) shall be deemed to have been satisfied and discharged in full in the event that all amounts then due in respect of the Obligations shall have been paid or (b) shall be deemed to remain unsatisfied in an amount equal to the aggregate amount then due in respect of the Obligations and remaining unpaid (not in excess, however, of the amount otherwise then due in respect of principal of and accrued interest on the bonds of this series).

As used herein, "Stated Maturity" means April 18, 2019 or such later date to which such date shall have been extended as provided in the Fifty-sixth Supplemental Indenture.

Anything in this bond to the contrary notwithstanding, if, at the time of the Maturity of the bonds of this series, the stated aggregate principal amount of such bonds then outstanding shall exceed the aggregate Commitments (provided that the aggregate amount of the Commitments at Maturity shall be determined without regard to termination of the Commitments at that time), the aggregate principal amount of such bonds shall be deemed to have been reduced by the amount of such excess.

The principal hereof may be declared or may become due prior to the Stated Maturity on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a Completed Default as in the Mortgage provided.

As provided in the Mortgage and subject to certain limitations therein set forth, this bond or any portion of the principal amount hereof will be deemed to have been paid if there has been irrevocably deposited with the Trustee moneys or direct obligations of or obligations guaranteed by the United States of America, the principal of and interest on which when due, and without regard to any reinvestment thereof, will provide moneys which, together with moneys so deposited, will be sufficient to pay when due the principal of and premium, if any, and interest on this bond when due.

The Mortgage contains terms, provisions and conditions relating to the consolidation or merger of the Company with or into, and the conveyance or other transfer, or lease, of assets to, another corporation and to the assumption by such other corporation, in certain circumstances, of all of the obligations of the Company under the Mortgage and on the bonds secured thereby.

This bond is non-transferable except as required to effect transfer to any successor administrative agent under the Credit Agreement, any such transfer to be made at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer whenever required by the Company duly executed by the registered owner or by its duly authorized attorney, and, thereupon, a new fully registered bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until Citibank, N.A., the Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, AVISTA CORPORATION has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Corporate Secretary or one of its Assistant Corporate Secretaries by his signature or a facsimile thereof.

Dated:

AVISTA CORPORATION

By: _____
Name: _____
Title:

Attest: _____

TRUSTEE'S CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

CITIBANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

[please insert social security or other identifying number of assignee]

[please print or typewrite name and address of assignee]

the within bond of AVISTA CORPORATION and does hereby irrevocably constitute and appoint _____
_____, Attorney, to transfer said bond on the books of the within-mentioned Company, with full power of substitution
in the premises.

Dated: _____

[signature of assignor]

Notice: The signature to this assignment must correspond with the name as written upon the face of the bond in every particular without alteration or enlargement or any change whatsoever.

SECOND AMENDMENT TO CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this "**Amendment**"), dated as of April 18, 2014, is entered into by AVISTA CORPORATION, a Washington corporation (the "**Borrower**"), the financial institutions identified on the signature pages hereof as "Continuing Lenders" (the "**Continuing Lenders**"), the financial institution identified on the signature pages hereof as the "Exiting Lender" (the "**Exiting Lender**" and, together with the Continuing Lenders, the "**Lenders**"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as an Issuing Bank, and UNION BANK, N.A., as Administrative Agent (the "**Administrative Agent**") and an Issuing Bank.

Recitals

A. The parties hereto are party to a Credit Agreement dated as of February 11, 2011, as amended by a First Amendment to Credit Agreement and Waiver Thereunder dated as of December 14, 2011 (that Credit Agreement, as so amended, herein called the "**Credit Agreement**"). Terms defined in the Credit Agreement and not otherwise defined herein have the same respective meanings when used herein, and the provisions of Section 1.02 of the Credit Agreement are incorporated herein by reference.

B. The Borrower and the Continuing Lenders wish to, among other things, add a lower pricing level to the definition of "Applicable Rate," extend the Expiration Date and revise Section 2.20 of the Credit Agreement to provide for possible additional extensions of the Expiration Date. Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders, the Issuing Banks and the Administrative Agent hereby agree as set forth below.

SECTION 1. Amendments to Credit Agreement. Subject to satisfaction of the conditions precedent set forth in Section 2 of this Amendment, the Borrower and the Continuing Lenders hereby agree that the Credit Agreement is amended as set forth below.

(a) The definition of "Applicable Rate" in Section 1.01 of the Credit Agreement is amended in full to read as follows:

"**Applicable Rate**" shall mean, on any date with respect to the Facility Fee, Eurodollar Loans, ABR Loans or the LC Participation Fee, the rate per annum set forth in the following table in the 'Facility Fee,' 'Eurodollar Margin,' 'ABR Margin' or 'LC Participation Fee' column, as applicable, for the Pricing Level in effect for such date.

Pricing Level	Facility Fee	Eurodollar Margin	ABR Margin	LC Participation Fee
I	0.075%	0.675%	0.000%	0.675%
II	0.100%	0.775%	0.000%	0.775%
III	0.125%	0.875%	0.000%	0.875%
IV	0.175%	0.950%	0.000%	0.950%
V	0.200%	1.050%	0.050%	1.050%
VI	0.250%	1.250%	0.250%	1.250%

For purposes of determining which Pricing Level is applicable in the foregoing table, the following rules will apply:

‘Pricing Level I’ will be applicable at any date if, at such date, the Senior Debt Rating is Sixth Lowest Investment Grade or higher;

‘Pricing Level II’ will be applicable at any date if, at such date, the Senior Debt Rating is Fifth Lowest Investment Grade and Pricing Level I is not applicable;

“Pricing Level III” will be applicable at any date if, at such date, the Senior Debt Rating is Fourth Lowest Investment Grade and neither Pricing Level I nor Pricing Level II is applicable;

‘Pricing Level IV’ will be applicable at any date if, at such date, the Senior Debt Rating is Third Lowest Investment Grade and none of Pricing Level I, Pricing Level II or Pricing Level III is applicable;

‘Pricing Level V’ will be applicable at any date if, at such date, the Senior Debt Rating is Second Lowest Investment Grade and none of Pricing Level I, Pricing Level II, Pricing Level III or Pricing Level IV is applicable;

‘Pricing Level VI’ will be applicable at any date if, at such date, (i) the Senior Debt Rating is Lowest Investment Grade or lower or (ii) there is no applicable Senior Debt Rating.”

(b) The definition of “Expiration Date” in Section 1.01 of the Credit Agreement is amended in full to read as

follows:

“‘**Expiration Date**’ shall mean April 18, 2019.”

(c) The definition of “Reportable Event” in Section 1.01 of the Credit Agreement is amended in full to read as

follows:

“**Reportable Event**’ shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).”

(d) Section 1.01 of the Credit Agreement is amended by deleting the definition of “Highest Non-Investment Grade” and adding the following new definitions in alphabetical order:

“**Anti-Corruption Laws**’ shall mean all laws, rules and regulations of any jurisdiction applicable to the Borrower or any Subsidiary from time to time concerning or relating to bribery or corruption.

“**Ecova**’ shall mean Ecova, Inc., a Washington corporation.

“**Sanctioned Country**’ shall mean, at any time, a country or territory that is the subject or target of any Sanctions.

“**Sanctioned Person**’ shall mean, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, the United Nations Security Council, the European Union or any member state of the European Union, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“**Sanctions**’ shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the United States government, including those administered by the Office of Foreign Assets Control of the United States Department of the Treasury or the United States Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“**Sixth Lowest Investment Grade**’ shall mean that the Senior Debt Rating assigned to the applicable Indebtedness of the Borrower is a rating which, as reasonably determined by the Administrative Agent, would be the rating granted by the applicable credit-rating agency which is generally treated as “investment grade” in the ratings regime of that credit-rating agency and is higher than Fifth Lowest Investment Grade.”

(e) Section 2.05(b) of the Credit Agreement is amended in full to read as follows:

“(b) To request the issuance of a Letter of Credit (or the renewal, extension or other amendment of an outstanding Letter of Credit), the Borrower shall

hand-deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, renewal, extension or other amendment) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be renewed, extended or otherwise amended, and specifying the date of issuance, renewal, extension or other amendment (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, renew, extend or otherwise amend such Letter of Credit. If requested by such Issuing Bank, the Borrower shall also submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, renewed, extended or otherwise amended only if (and upon the issuance, renewal, extension or other amendment of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, renewal, extension or other amendment, (i) the total LC Exposure would not exceed \$200,000,000 and (ii) the total Revolving Credit Exposures would not exceed the total Commitments."

(f) Section 2.20(a) of the Credit Agreement is amended in full to read as follows:

"(a) If no Event of Default has occurred and is continuing, the Borrower may request, by simultaneous notice to the Administrative Agent and each Lender given after April 18, 2014 and no later than 60 days before the Expiration Date applicable on the date of such notice (the '**Current Expiration Date**'), that the Lenders extend their respective Commitments for an additional period of one year or two years (the '**Requested Extension Period**'). If a Lender agrees, in its sole and absolute discretion, to so extend its Commitment, it will give notice to the Administrative Agent of its decision to do so within 30 days after the Borrower's delivery of notice to the Administrative Agent and the Lenders requesting extension of the Current Expiration Date. Promptly after expiration of such 30-day period, the Administrative Agent will notify the Borrower and each Lender as to the Lenders (each an '**Extending Lender**') from which it has received such a notice agreeing to so extend. Any failure by a Lender to so notify the Administrative Agent shall be deemed to be a decision by such Lender not to so extend its Commitment."

(g) Section 2.20(d) of the Credit Agreement is amended in full to read as follows:

"(d) The Borrower may use the process contemplated by this Section 2.20, at any time or times after April 18, 2014, only once for a Requested Extension Period of two years or up to twice for Requested Extension Periods of one year each; provided, however, that no extension of the Expiration Date shall be permitted that would cause the remaining term until the Expiration Date to exceed five years at any time."

(h) Article III of the Credit Agreement is amended by adding a new Section 3.14, to read as follows:

“Section 3.14 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Significant Subsidiaries and Ecova (whether or not a Significant Subsidiary), and their respective directors, officers, employees and agents, with the Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries, and their respective officers and employees and, to the knowledge of the Borrower, their respective directors and agents, are in compliance with the Anti-Corruption Laws and applicable Sanctions in all material respects. None of the following is a Sanctioned Person: (a) the Borrower or any Subsidiary or, to the knowledge of the Borrower, any of their respective directors, officers or employees; or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will benefit from, or act in any capacity in connection with, the credit facility established hereby. No Borrowing, Letter of Credit, use of proceeds of any Borrowing or Letter of Credit, or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanction.”

(i) Section 4.03(a) of the Credit Agreement is amended in full to read as follows:

“(a) [Reserved.]”

(j) Section 5.01 of the Credit Agreement is amended by adding the following new subsection (c) at the end thereof:

“(c) The Borrower shall maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Significant Subsidiaries and Ecova (whether or not a Significant Subsidiary), and their respective directors, officers, employees and agents, with the Anti-Corruption Laws and applicable Sanctions.”

(k) Article VI of the Credit Agreement is amended by adding a new Section 6.07, to read as follows:

“Section 6.07 Use of Proceeds. The Borrower shall not request any Borrowing or Letter of Credit and shall not use, and shall procure that its Subsidiaries and its and their respective directors, officers, employees and agents shall not use, any of the proceeds of any Borrowing or Letter of Credit (a) in furtherance of any offer, payment or promise to pay, or any authorization of the payment or giving of, money or anything else of value to any Person in violation of any Anti-Corruption Law, (b) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person or in any Sanctioned Country or (c) in any manner that would result in the violation of any applicable Sanction.”

(l) Schedule 2.01 to the Credit Agreement is amended in full to be in the form attached hereto as Schedule 2.01.

SECTION 2. Conditions Precedent. This Amendment shall become effective on the date (the “**Effective Date**”), not later than May 31, 2014, on which all of the conditions set forth below have been fulfilled.

(a) The Administrative Agent shall have received all of the following, each dated the Effective Date (unless otherwise specified below), in form and substance satisfactory to the Administrative Agent and in the number of originals requested thereby:

(i) this Amendment, duly executed by the Borrower, the Lenders and the Issuing Banks;

(ii) a new First Mortgage Bond in substitution for the First Mortgage Bond dated February 11, 2011, referencing (among other things) the extension of the Expiration Date effected pursuant to Section 1(b) of this Amendment (the “**New First Mortgage Bond**”), together with the related Supplemental Indenture (the “**New Supplemental Indenture**”) and the related bond delivery agreement (the “**New Bond Delivery Agreement**”), in each case duly executed and delivered by all of the parties thereto, together with a copy of the bond application (including all attachments thereto) relating to the New First Mortgage Bond;

(iii) a copy of the First Mortgage, certified by a Financial Officer of the Borrower;

(iv) a copy of title insurance policy number NSL 31426-SEA issued by First American Title Insurance Company, together with all endorsements thereto through the Effective Date (collectively the “**Title Policy**”), including an endorsement dated a recent date confirming that the Title Policy (A) insures the Lien of the First Mortgage (including as modified by the New Supplemental Indenture) securing the New First Mortgage Bond, in each case with the Expiration Date extended to the date provided in Section 1(b) hereof, (B) insures the trustee under the First Mortgage as the insured party and (C) insures the Borrower’s title to the real property subject to the Lien of the First Mortgage, and the validity and first priority of the Lien of the First Mortgage (subject to Liens permitted to exist by the terms of the First Mortgage), in an amount not less than \$785,000,000, certified by a Financial Officer of the Borrower;

(v) opinions of Davis Wright Tremaine LLP, counsel to the Borrower, Hawley Troxell Ennis & Hawley LLP, Idaho counsel to the Borrower, and Crowley Fleck PLLP, Montana counsel to the Borrower (or such other firm or firms as approved by the Administrative Agent), each addressed to the Administrative Agent, the Lenders and the Issuing Banks (or, in the case of the latter two opinions, addressed to Davis Wright Tremaine LLP), with respect to such matters relating to (A) the Borrower, (B) this Amendment, the New First Mortgage Bond, the New Supplemental Indenture and the New Bond Delivery Agreement (the “**Amendment Documents**”) and (C) the Loan Documents, as modified or replaced by the Amendment Documents, as the

Administrative Agent or any Lender or Issuing Bank may reasonably request (the Borrower hereby instructing each such counsel to deliver its opinion to the Administrative Agent);

(vi) evidence that the Borrower has obtained all consents and approvals of, and has made all filings and registrations with, any Governmental Authority required in order to consummate the Transactions (as defined in Section 3(b) hereof), in each case without the imposition of any condition that, in the judgment of the Administrative Agent, could adversely affect the rights or interests of the Lenders, the Issuing Banks or the Administrative Agent under any of the Amendment Documents or the Loan Documents as modified or replaced thereby;

(vii) a copy of the articles of incorporation of the Borrower (as most recently amended and restated), including all amendments thereto, certified as of a recent date by the Secretary of State of the State of Washington;

(viii) certificates, each dated as of a recent date, from the appropriate Governmental Authorities of the States of Washington, Idaho, Montana and Oregon as to the good standing of the Borrower to do business in those states;

(ix) a certificate of the Secretary or Assistant Secretary of the Borrower certifying (A) that attached thereto is a true and complete copy of the restated articles of incorporation and the bylaws of the Borrower as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors of the Borrower authorizing the Transactions and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the articles of incorporation of the Borrower have not been amended since the date of the last amendment thereto shown on the certification with respect thereto furnished pursuant to clause (vii) above and (D) as to the incumbency and specimen signature of each officer executing any Amendment Document or any other document delivered in connection therewith on behalf of the Borrower;

(x) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate provided pursuant to clause (ix) above;

(xi) a certificate of a Financial Officer of the Borrower certifying that the representations and warranties set forth in Sections 3(f) and (g) of this Amendment are true and correct; and

(xii) such other documents as the Administrative Agent or any Lender, or legal counsel to any of them, may reasonably request.

(b) All fees payable by the Borrower to the Administrative Agent, the "Co-Lead Arrangers" identified on the cover page of the Credit Agreement, the Issuing Banks, the Lenders or any of their respective Affiliates on or prior to the Effective Date with respect to this Amendment, and all amounts payable by the Borrower pursuant to Section 10.05 of the Credit Agreement for

which invoices have been delivered to the Borrower on or prior to the Effective Date, shall have been paid in full or arrangements satisfactory to the Administrative Agent shall have been made to cause them to be paid in full.

(c) All legal matters incident to the Amendment Documents, the Loan Documents as modified or replaced thereby and the Transactions shall be reasonably satisfactory to the Administrative Agent, the Lenders, the Issuing Banks and their respective legal counsel.

SECTION 3. Representations and Warranties. In order to induce the Lenders, the Issuing Banks and the Administrative Agent to enter into this Amendment, the Borrower represents and warrants to them as set forth below.

(a) The Borrower has the corporate power and authority (i) to execute and deliver the Amendment Documents, (ii) to perform its obligations under the Amendment Documents and under the Loan Documents as modified or replaced thereby and (iii) to borrow Loans and procure the issuance of Letters of Credit.

(b) The execution and delivery of the Amendment Documents by the Borrower, the performance by the Borrower of its obligations under the Amendment Documents and under the Loan Documents as modified or replaced thereby, and the borrowing of Loans and procurement of Letters of Credit under the Credit Agreement as amended hereby (collectively the "**Transactions**"), (i) have been duly authorized by all requisite corporate and, if required, stockholder action and (ii) will not (A) violate any provision of law, statute, rule or regulation the violation of which could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (B) violate any provision of the certificate or articles of incorporation or other constitutive documents or bylaws of the Borrower or any Significant Subsidiary, (C) violate any order of any Governmental Authority the violation of which could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (D) violate any provision of any indenture or other material agreement or instrument evidencing or relating to borrowed money to which the Borrower or any Significant Subsidiary is a party or by which any of them or any of their property is or may be bound, in a manner that could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lender, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan Document as modified or replaced thereby, (E) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument in a manner that could reasonably be expected to impair the validity or enforceability of any Amendment Document or of any Loan Document as modified or replaced thereby or materially impair the rights of or benefits available to the Lenders, the Issuing Banks or the Administrative Agent under any Amendment Document or under any Loan

Document as modified or replaced thereby or (F) result in the creation or imposition under any such indenture, agreement or other instrument of any Lien (other than the Lien under the First Mortgage related to the New First Mortgage Bond and the New Supplemental Indenture) upon or with respect to any property or assets now owned or hereafter acquired by the Borrower.

(c) This Amendment has been duly executed and delivered by the Borrower and constitutes, and each other Amendment Document when executed and delivered by the Borrower will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(d) No action, consent or approval of, registration or filing with or other action by any Governmental Authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

(e) The First Mortgage, as modified by the New Supplemental Indenture, constitutes a valid and perfected first-priority Lien on the collateral purported to be encumbered thereby (subject to Liens permitted to exist by the terms of the First Mortgage, as modified by the New Supplemental Indenture), enforceable against all third parties in all jurisdictions, and secures the payment of all obligations of the Borrower under the New First Mortgage Bond, and the execution, delivery and performance of this Amendment and the other Amendment Documents do not adversely affect the Lien of the First Mortgage, as modified by the New Supplemental Indenture.

(f) The representations and warranties set forth in the Credit Agreement and in each other Loan Document are true and correct in all material respects on and as of the Effective Date after giving effect to the Amendment Documents, except (i) for any such representations and warranties qualified by materiality (including Material Adverse Effect), in which case such representations and warranties are true and correct in all respects, or (ii) to the extent that any such representations and warranties expressly relate to an earlier date.

(g) No Default or Event of Default has occurred and is continuing either before or after giving effect to the Amendment Documents.

SECTION 4. Assignment of Loans, LC Disbursements and LC Participations to Reflect Revised Commitments.

(a) On the Effective Date, each Continuing Lender that is increasing its Commitment pursuant hereto (an "**Additional Commitment Lender**") shall purchase, as an assignment from the Exiting Lender, such portions of the Exiting Lender's Commitment, Loans, unreimbursed LC Disbursements and participations in Letters of Credit outstanding at such time such that, after giving effect to such assignments, the respective aggregate amount of Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit of each Additional Commitment Lender shall be equal to its Pro Rata Share (determined by reference to Schedule 2.01 attached hereto) of the aggregate Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit outstanding. The purchase price for the Commitments, Loans, unreimbursed LC Disbursements and participations in Letters of Credit so assigned shall be the

sum of (i) the principal amount of the Loans and unreimbursed LC Disbursements so assigned, plus the amount of accrued and unpaid interest thereon as of the date of assignment, (ii) the amount of accrued and unpaid LC Participation Fees as of the date of assignment on the participations in Letters of Credit so assigned and (iii) the amount of accrued and unpaid Facility Fees as of the date of assignment on the Commitments so assigned. Each Additional Commitment Lender shall pay the aggregate purchase price payable by it to the Administrative Agent on the Effective Date, and the Administrative Agent shall promptly forward such payment to the Exiting Lender. Upon payment of the applicable amounts to the Exiting Lender, the Exiting Lender shall automatically be deemed to have sold and made the applicable assignments to the Additional Commitment Lenders and shall be released from its obligations under the Loan Documents, and the Additional Commitment Lenders shall automatically be deemed to have purchased and accepted such assignments from the Exiting Lender.

(b) Without limiting the foregoing, upon the effectiveness of the assignments contemplated by subsection (a) above, (i) the Exiting Lender shall be discharged from its Commitment and other obligations (other than the return of its Note) under the Credit Agreement and shall no longer be a Lender thereunder, (ii) the Borrower, the Administrative Agent and the Issuing Banks shall be deemed to have consented to the assignments effected pursuant to subsection (a) above, and (iii) the Administrative Agent shall record the Commitments, Loans, LC Disbursements and LC Participations of each Additional Commitment Lender and the Exiting Lender as provided in Section 10.04 of the Credit Agreement to reflect such assignments.

SECTION 5. Effect of Amendment on Interest and Fee Rates. Changes in interest rates and fee rates effected by this Amendment shall apply with respect to interest and fees accruing on or after the Effective Date, and interest rates and fee rates in effect before the Effective Date shall apply with respect to interest and fees accrued before the Effective Date.

SECTION 6. Reference to and Effect on Loan Documents.

(a) On and after the Effective Date, (i) each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment, (ii) each reference in the Credit Agreement to “the First Mortgage Bond,” “thereunder,” “thereof,” “therein” or words of like import referring to the First Mortgage Bond shall mean and be a reference to the New First Mortgage Bond, (iii) each reference in the Credit Agreement to “the Supplemental Indenture,” “thereunder,” “thereof,” “therein” or words of like import referring to the Supplemental Indenture shall mean and be a reference to the New Supplemental Indenture, and (iv) each reference in the Credit Agreement to “the Bond Delivery Agreement,” “thereunder,” “thereof,” “therein” or words of like import referring to the Bond Delivery Agreement shall mean and be a reference to the New Bond Delivery Agreement.

(b) Except as specifically contemplated by this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, the First Mortgage, as

modified by the New Supplemental Indenture, and all of the collateral described therein do and shall continue to secure the payment of all obligations under the New First Mortgage Bond.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent, any Issuing Bank or any Lender under any of the Loan Documents or constitute a waiver of any provision of any of the Loan Documents, except as expressly provided herein.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or e-mail shall be effective as delivery of an originally executed counterpart of this Amendment.

SECTION 8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 9. Headings. Section headings in this Amendment are for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

[Signature pages follow.]

The parties hereto have caused this Amendment to be executed by their respective duly authorized representatives as of the date first written above.

AVISTA CORPORATION

By: /s/ MARK T. THIES
Name: Mark T. Thies
Title: Senior Vice President, Chief Financial Officer &
Treasurer

UNION BANK, N.A., as Administrative Agent, an
Issuing Bank and a Continuing Lender

By: /s/ ERIC OTIENO
Name: Eric Otieno
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as an Issuing Bank and a Continuing Lender

By: /s/ THOMAS M. THOEN
Name: Thomas M. Thoen
Title: Vice President

THE BANK OF NEW YORK MELLON,
as a Continuing Lender

By: /s/ MARK W. ROGERS
Name: Mark W. Rogers
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Continuing Lender

By: /s/ KEVEN D. SMITH

Name: Keven D. Smith

Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Continuing Lender

By: /s/ HOLLAND H. WILLIAMS
Name: Holland H. Williams
Title: Vice President & Portfolio Manager

BANK OF AMERICA, N.A., as a Continuing Lender

By: /s/ MARK CRAWFORD

Name: Mark Crawford

Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as a Continuing Lender

By: /s/ JUSTIN MARTIN
Name: Justin Martin
Title: Authorized Officer

SUMITOMO MITSUI BANKING CORPORATION,
as a Continuing Lender

By: /s/ SHUJI YABE
Name: Shuji Yabe
Title: Managing Director

CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as a Continuing Lender

By: /s/ BILL O'DALY
Name: Bill O'Daly
Title: Authorized Signatory

By: /s/ RYAN LONG
Name: Ryan Long
Title: Authorized Signatory

COBANK, ACB, as a Continuing Lender

By: /s/ DAVE JAMES

Name: Dave James

Title: Vice President

BANNER BANK, as the Exiting Lender

By: /s/ RITA E. DILLON

Name: Rita E. Dillon

Title: Senior Vice President

SCHEDULE 2.01

Names, Commitments and Addresses of Lenders

<u>Lender</u>	<u>Commitment</u>
Union Bank, N.A. 445 South Figueroa Street Los Angeles, CA 90071 Attention: Bryan Read Telecopy: 213-236-4096	\$60,156,250
Wells Fargo Bank, National Association 601 West 1st Avenue, Suite 900 Spokane, WA 99201 Attention: Tom Beil / Jessy Hummel Telecopy: 866-917-7929	\$60,156,250
The Bank of New York Mellon BNY Mellon Center, Room 3600 Pittsburgh, PA 15258-0001 Attention: Mark W. Rogers Telecopy: 412-236-6112	\$42,500,000
KeyBank National Association 601 108th Avenue Bellevue, WA 98004 Attention: Keven Smith Telecopy: 425-709-4348	\$42,500,000
U.S. Bank National Association 101 South Capitol Boulevard Boise, ID 83712 Attention: Holland Williams Telecopy: 208-383-7574	\$42,500,000
Bank of America, N.A. 800 5th Avenue, Floor 36 WA 1-501-36-06 Seattle, WA 98104 Attention: Mark Crawford Telecopy: 206-585-8638	\$33,725,000
JPMorgan Chase Bank, N.A. 10 South Dearborn Street, Floor 9 Chicago, IL 60603 Attention: John Zur Telecopy: 312-732-1762	\$33,725,000

<u>Lender</u>	<u>Commitment</u>
Sumitomo Mitsui Banking Corporation 277 Park Avenue New York, NY 10172 Attention: Emily Estevez Telecopy: 212-224-4384	\$33,725,000
CoBank, ACB 5500 South Quebec Street Greenwood Village, CO 80111 Attention: Dave James Telecopy: 720-528-6247	\$30,000,000
Credit Suisse AG, Cayman Islands Branch 11 Madison Avenue New York, NY 10010 Attention: William O'Daly Telecopy: 212-743-2254	\$21,012,500
Total:	<u>\$400,000,000</u>

Bond Delivery Agreement

AVISTA CORPORATION

to

**UNION BANK, N.A.,
as Administrative Agent**

Dated as of April 18, 2014

*Relating to
First Mortgage Bonds, Collateral Series 2014A*

THIS BOND DELIVERY AGREEMENT, dated as of April 18, 2014, between AVISTA CORPORATION, a Washington corporation (the “Company”), and Union Bank, N.A., as Administrative Agent (the “Agent”) under the Credit Agreement, dated as of February 11, 2011, among the Company, the lenders party thereto (the “Lenders”), The Bank of New York Mellon, KeyBank National Association and U.S. Bank National Association, as Co-Documentation Agents, Wells Fargo Bank, National Association, as Syndication Agent and an Issuing Bank, and Union Bank, N.A., as the Administrative Agent and an Issuing Bank, as amended, supplemented or otherwise modified from time to time (the “Credit Agreement”).

WHEREAS, the Company has entered into the Credit Agreement and may from time to time borrow thereunder or request the issuance of letters of credit thereunder in accordance with the provisions thereof; and

WHEREAS, the Company has established its First Mortgage Bonds, Collateral Series 2014A, in the aggregate principal amount of \$400,000,000 (the “Bonds”), to be issued under and in accordance with, and secured by, the Mortgage and Deed of Trust, dated as of June 1, 1939, as heretofore amended and supplemented and as further supplemented by the Fifty-sixth Supplemental Indenture, dated as of April 1, 2014 (the “Fifty-sixth Supplemental Indenture”), of the Company to Citibank, N.A., as successor trustee (the “Trustee”), such Mortgage and Deed of Trust, as so amended and supplemented, being hereinafter sometimes called the “Mortgage” (all capitalized terms used herein without definition having the meanings assigned to them in the Fifty-sixth Supplemental Indenture); and

WHEREAS, the Company proposes to issue and deliver to the Agent, for the benefit of the Lenders, the Bonds in order to provide the benefit of the lien of the Mortgage as security for the obligation of the Company under the Credit Agreement to pay the Obligations;

NOW, THEREFORE, in consideration of the premises, of certain agreements of the Lenders, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Agent hereby agree as follows:

ARTICLE I

THE BONDS

SECTION 1.1. Delivery of Bonds.

In order to provide the benefit of the lien of the Mortgage as security for the obligation of the Company to pay the Obligations, as aforesaid, the Company hereby delivers to the Agent Bonds in the aggregate principal amount of \$400,000,000, maturing on April 18, 2019 (or such later date to which such Stated Maturity shall have been extended as provided in the Fifty-sixth Supplemental Indenture) and bearing interest as provided in the Fifty-sixth Supplemental Indenture. The obligation of the Company to pay the principal of and interest on the Bonds shall be deemed to have been satisfied and discharged in full or in part, as the case may be, to the extent of the payment by the Company of the Obligations, all as set forth in clause (e) of subsection (II) of Section 1 of Article I of the Fifty-sixth Supplemental Indenture and in the Bonds.

The Bonds are registered in the name of the Agent and shall be owned and held by the Agent, subject to the provisions of this Agreement, for the benefit of the Lenders, and the Company shall have no interest therein. The Agent shall be entitled to exercise all rights of bondholders under the Mortgage with respect to the Bonds.

The Agent hereby acknowledges that it has received the Bonds and has surrendered to the Trustee all of the Company's First Mortgage Bonds, Collateral Series 2011A, held by the Agent.

SECTION 1.2. Payments on the Bonds.

Any payments received by the Agent on account of the principal of or interest on the Bonds shall be distributed by the Agent in accordance with the applicable provisions of the Credit Agreement, and the Company hereby consents to such distribution.

ARTICLE II

NO TRANSFER OF BONDS; SURRENDER OF BONDS

SECTION 2.1. No Transfer of the Bonds.

The Agent shall not sell, assign or otherwise transfer any Bonds delivered to it under this Agreement except to a successor administrative agent under the Credit Agreement. The Company may take such actions as it shall deem necessary, desirable or appropriate to effect compliance with such restrictions on transfer, including the issuance of stop-transfer instructions to the trustee under the Mortgage or any other transfer agent thereunder.

SECTION 2.2. Surrender of Bonds.

The Agent shall surrender the Bonds to or upon the order of the Company when and as required under Article VIII of the Credit Agreement.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Definitions

"Effective Date" shall have the meaning specified in that certain Second Amendment to Credit Agreement, dated as of April 18, 2014, among the Company, the lenders party thereto, Wells Fargo Bank, National Association, as an Issuing Bank, and Union Bank, N.A., as the Administrative Agent and an Issuing Bank.

"LC Disbursements", **"Loan Documents"** and **"Loans"** shall have the meanings specified in the Credit Agreement.

"Obligations" shall mean the obligations of the Company for (a) the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during

the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans and LC Disbursements, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) the reimbursement of the LC Disbursements, when and as due, and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Company to the Lenders and the Agent under the Credit Agreement and the other Loan Documents and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Company under or pursuant to the Credit Agreement and the other Loan Documents.

As used in this Agreement, the words “include,” “includes” and “including” are not limiting.

SECTION 3.2. Governing Law

This Agreement shall be governed by and construed in accordance with the law of the State of New York.

IN WITNESS WHEREOF, the Company and the Agent have caused this Agreement to be executed and delivered as of the date first above written.

AVISTA CORPORATION

By: /s/ MARK T. THIES

Name: Mark T. Thies

Title: Senior Vice President, Chief
Financial Officer and Treasurer

UNION BANK, N.A., as Administrative Agent

By: /s/ ERIC OTIENO

Name: Eric Otieno

Title: Vice President

(Signature Page to Bond Delivery Agreement)